GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

STARRED QUESTION NO:109
ANSWERED ON:10.03.2005
PURCHASE OF AIRCRAFT
Rao Shri Sambasiva Rayapati;Tripathy Shri Braja Kishore

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Government has decided to purchase aircraft for Indian Airlines and Air India;

(b) if so, the details in this regard;

(c) whether the Government has also worked out a modality for providing a sovereign guarantee for fleet acquisition programme;

(d) if so, the details thereof;

(e) the total expenditure involved for purchase of aircraft for each Airline and how the Government proposed to meet it;

(f) whether tenders have been invited for purchase of aircraft;

(g) if so, the firms from which tenders have been received; and

(h) the time by which tender process will be completed and order placed for aircraft?

Answer

MINISTER OF STATE(INDEPENDENT CHARGE) OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL)

(a), (b), (c), (d), (e), (f), (g) and (h): A Statement is laid on the Table of the House.

STATEMENT IN REPLY TO LOK SABHA STARRED QUESTION NO. 109 FOR 10.03.2005 REGARDING PURCHASE OF AIRCRAFT.

(a), (b), (c), (d) and (e): Indian Airlines proposal for acquisition of 43 aircraft comprising 19 A-319, 4 A-320 and 2 0 A-321 manufactured by Airbus Industrie with engines from CFM International was considered/approved by the PIB in its meeting held on 10.11.2004. The net project cost is Rs.10089 crores. Provision o f Rs.325 crores approved by Government towards equity enhancement has been considered in Indian Airlines proposal. Pursuant to the PIB approval, final negotiations with the lowest bidder have been initiated. An inter-disciplinary team of IAL i s undertaking the negotiations. The matter will be placed for final approval before the CCEA thereafter.

In November, 2004, Air India Board approved a fleet acquisition Plan for the period upto 2012/13. This Plan envisages the acquisition of 18 X B737-800 aircraft for its new airline subsidiary, Air India Express and 50 Medium Capacity Long Range Aircraft for Air India. The estimated project cost for purchase of 68 aircraft will be around Rs.30,000 crores. A Project Report for the induction of 18 B737-800W aircraft for Air India Express has been submitted to the Government for approval. Air India has invited offers for the 50 aircraft to be acquired for Air India. These offers have been received. Air India's Techno Economic-cum-Negotiating Committee has evaluated the Technical Bids and submitted its evaluation report to the Management in February 2005. The Financial Bids are under evaluation and the results will be submitted to the Management thereafter.

As has been done in the past, both the airlines will raise funds through their internal resources and also through commercial borrowing from International/Indian market after obtaining requisite approvals from the respective Boards/Government. Both the Airlines will also seek Government's support for guarantee or Letter of Comfort, as the need may be.

(f) and (g): Yes, Sir. Tenders have been invited for the purchase of 50 aircraft. Air India received the technical and financial bids from M/s. Airbus Industrie and M/s. Boeing for the aircraft and from Rolls Royce, General Electric and Pratt & Whitney for the engines.

(h): No firm time frame can be indicated at this stage, as the established procedures for public investment will have to be followed before the orders are placed.